

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Balm Post Office
Balm, Florida 33503

Docket No. A2012-124

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(March 21, 2012)

On January 26, 2012, the Postal Regulatory Commission (Commission) received an appeal postmarked, January 4, 2012, from postal customers George and Marilyn Fears (Petitioners), objecting to the discontinuance of the Post Office at Balm, Florida.¹ On January 27, 2012, the Commission issued Order No. 1080, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). In accordance Order No. 1080, the administrative record was filed with the Commission on February 10, 2011. On March 1, 2012, the Petitioners filed a Participant Statement in support of their petition.² The following is the Postal Service's answering brief in support of its decision to discontinue the Balm Post Office.

The appeal and the Participant Statement received by the Commission raise three main issues: (1) the effect on postal services, (2) the impact upon the Balm community, and (3) the calculation of economic savings expected to result from discontinuing the Balm Post Office. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. In addition,

¹ The Balm Post Office was previously appealed under Docket No. A2012-4. The Postal Service filed a notice of withdrawal on November 29, 2011. On December 5, 2011, the Commission issued Order No. 1049, Dismissing the Appeal. The Postal Service reposted the Final Determination, thereafter, which forms the basis of this appeal.

² Petitioners re-filed the same Participant Statement from Docket No. A2012-4.

consistent with the Postal Service's statutory obligations and Commission precedent,³ the Postal Service gave consideration to a number of other issues, including the impact upon postal employees. Accordingly, the determination to discontinue the Balm Post Office should be affirmed.

Background

The Final Determination To Close the Balm, FL Post Office and Continue to Provide Service by Nearby Post Office ("Final Determination" or "FD"), as well as the administrative record, indicate that the Balm Post Office provides EAS-13 level service to 261 Post Office Box customers and retail customers, 32.50 hours per week. FD at 2; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet ("Fact Sheet"), at 1.⁴ The postmaster of the Balm Post Office was promoted on June 5, 2010.⁵ Since the postmaster vacancy, an officer-in-charge (OIC) has been installed to operate the office. Upon implementation of the final determination, the noncareer OIC may be separated from the Postal Service; however attempts will be made to reassign the employee to a nearby facility.⁶ The average number of daily retail window transactions at the Balm Post Office is 36, accounting for 43 minutes of retail workload daily.⁷ Revenue is declining: \$59,177.00 in FY 2008 (154 revenue units); \$56,819.00

³ See 39 U.S.C. 404(d)(2)(A).

⁴ The Final Determination can be found at Item No. 47 in the Administrative Record. All citations to the Final Determination will be to "FD at____," Rather than to Item 47. The FD page number refers to the pages as marked on the upper left of the document. Other Items in the administrative record are referred to as "Item No.____."

⁵ FD at 2; Item No. 41, Revised Proposal, at 2.

⁶ FD at 11; Item No. 15, Post Office Survey Sheet, at 1; Item No. 41, Revised Proposal, at 12.

⁷ Petitioners state that this figure may be true but is misleading because most of the new Balm residents have mailboxes in their driveways with service provided by the Wimauma Post Office. However, the average daily retail window transactions figure is not related to the location of customer mailboxes. This figure is based upon the number of retail transactions that occurred at the Balm Post Office from March 5, 2011 to March 18, 2011. Item No.10, Window Transaction Survey, at 1.

in FY 2009 (148 revenue units); and \$53,012.00 in FY 2010 (138 Revenue units).⁸ The Balm Post office has two postage meter customers.⁹

Upon implementation of the final determination, delivery and retail services will be provided under the administrative responsibility of the Wimauma Post Office, an EAS-18 level office located 5 miles away, which has 629 available Post Office Boxes. FD at 2; Item No. 18, Fact Sheet, at 1. The Postal Service is proposing to move the current Post Office Boxes from the Balm Post Office to the Wimauma Post Office. Customers may elect to continue Post Office box service at the Wimauma Post Office, or receive delivery and retail service through the rural carrier.

The Postal Service followed the proper procedures¹⁰ which led to the posting of the Final Determination. All issues raised by the customers of the Balm Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. Questionnaires were distributed to delivery customers of the Balm Post Office. Questionnaires were also available over the counter for retail customers at Balm. FD at 2; Item No. 20, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at Balm Post Office, at 1. A letter from the Manager of Post Office Operations, Tampa, FL, was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the Balm Post Office was warranted, and that effective and regular service could be provided through delivery and

⁸ FD at 2; Item No. 18, Fact Sheet, at 1; Item No. 41, Revised Proposal, at 2.

⁹ FD at 2; Item No. 18, Fact Sheet, at 1; Item No. 41, Revised Proposal, at 2.

¹⁰ This discontinuance was conducted pursuant to Handbook PO-101, dated August 2004, and updated with Postal Bulletin revisions through August 2, 2007.

retail services available at the Wimauma Post Office. The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service they were receiving and the effects of a possible change involving delivery. Item No. 21, Letter to Customer, at 1. The returned customer questionnaires and Postal Service response letters appear in the administrative record in Item No. 22. In addition, representatives from the Postal Service were available at the Balm Post Office for a community meeting on April 13, 2011, to answer questions and provide information to customers. FD at 2; Item No. 26, Community Meeting Letter, at 1; Item No. 24, Community Meeting Roster; Item No. 25, Community Meeting Analysis; Item No. 41, Revised Proposal, at 2. Customers received formal notice of the Proposal and Final Determination through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Balm Post Office and the Wimauma Post Office¹¹ from May 3, 2011 to July 5, 2011. FD at 2; Item No. 36, Round-date stamped Proposal and Invitation for Comments. The initial Final Determination was posted on August 29, 2011 and appealed to the Commission with a petition that was postmarked September 29, 2011. Subsequently, the Postal Service withdrew the Final Determination on November 29, 2011. Thereafter, the Postal Service posted a revised Final Determination. The revised Final Determination was posted at the same two Post Offices starting on December 5, 2011 as confirmed by the round-dated Final Determination cover sheets that appears in the administrative record as Item No. 49.¹²

¹¹ The Wimauma Post Office is not a candidate facility within the Retail Access Optimization Initiative (RAOI). See Docket No. N2011-1, USPS LR-N2011-1/11 Rev 1, at <http://www.prc.gov/prc-pages/library/detail.aspx?docketId=N2011-1&docketPart=Documents&docid=75971&docType=Library%20References&attrID=&attrName=>.

¹² The Round-date stamped Final Determination for Wimauma Post Office is not included in the

In light of a postmaster vacancy, minimal workload, declining revenue,¹³ the variety of delivery and retail options (including the convenience of delivery and retail service),¹⁴ minimal impact upon the community, and the expected financial savings,¹⁵ the Postal Service issued the Final Determination.¹⁶ Regular and effective postal services will continue to be provided to the Balm community in a cost-effective manner upon implementation of the final determination. FD at 9; Item No. 41, Revised Proposal, at 10.

Each of the issues raised by the Petitioners is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Balm Post Office on postal services provided to Balm customers. The closing is premised upon providing regular and effective postal services to Balm customers.

The Petitioners in their joint letter of appeal and Participant Statement raise the issue of the effect on postal services of the Balm Post Office's closing, noting the convenience of the Balm Post Office and requesting its retention. The Petitioners expresses particular concern about the practicability and efficiency of the proposed alternative service and express concern about travel to nearby post offices.

administrative record filed on February 10, 2012. This document will be filed under separate cover with the Commission.

¹³ See note 7 and accompanying text,

¹⁴ FD at 2-9; Item No. 41, Revised Proposal, at 2-10.

¹⁵ FD at 10; Item No. 41, Revised Proposal, at 12.

¹⁶ FD at 2-11.

Upon the implementation of the Final Determination, delivery and retail services will be provided by the Wimauma Post Office, located 5 miles away. FD at 2. The window service hours for the Wimauma Post Office are from 9:00 a.m. to 4:00 p.m., Monday through Friday, closed Saturday, and 24-hour lobby access. The Wimauma Post Office has 629 Post Office boxes available for customer convenience.¹⁷ As previously mentioned, the Postal Service is proposing to move the current Post Office boxes to the Wimauma Post Office thus, customers will not be required to erect or use roadside mailboxes. FD at 6.

If customers do elect carrier service, many services provided at the Post Office such as the sale of stamps, money orders, envelopes, and postal cards, will be available from the carrier. FD at 8. Thus, customers will not have to travel to another Post Office for service. Most transactions do not require customers to meet the carrier at the mailbox. Stamps by Mail and Money Order Application forms are available for customer convenience. Customers can also obtain special services such as certified, registered, Express Mail, delivery confirmation, signature confirmation, and COD from the carrier. Additionally, there are many services available at the USPS.gov website, including package pickup and stamps by mail. FD at 6.

The Petitioners raise concern about mail and packages not being delivered because Balm addresses are not recognized by UPS and FedEx. The Postal Service These concerns are not related to the provision of postal services, however, as they relate to private sector delivery companies' policies.

¹⁷ The cost of renting a Post Office box at Wimauma will be the same as the cost at the Balm Post Office. FD at 5.

Although the Petitioners did not raise security concerns, several customers raised this issue. To alleviate security concerns of customers, the Postal Service is proposing to move the current Post Office boxes to the Wimauma Post Office. In addition, customers who have roadside mailboxes were informed by the Postal Service that they may place a lock on their mailbox as long as there is a slot large enough to accommodate the customer's normal daily mail volume. FD at 6. The Postal Service also sent a survey to the Postal Inspection service concerning mail theft and vandalism in the area and their records indicate that there have been no reports of theft or vandalism in the area. Item No. 14, Inspection Service/local law enforcement vandalism reports. As such there appears to be minimal risk that the security of the customers' mail will be impacted by the closing of the Balm Post Office.

Thus, the Postal Service has properly concluded that all Balm customers will continue to receive regular and effective service through the nearby Wimauma Post.

Effect Upon the Balm Community

The Postal Service is obligated to consider the effect of its decision to close the Balm Post Office upon the Balm community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to discontinue a Post Office.

Balm is an unincorporated rural community located in Hillsborough County. The community is administered politically by Hillsborough County, with police and fire protection also provided by Hillsborough County. The questionnaires completed by

Balm customers indicate that, in general, the agricultural farmers, migrant workers, retirees, self-employed and others who reside in Balm must travel elsewhere for other supplies and services. See generally FD at 9; Item No. 22, Returned customer questionnaires and Postal Service response letters.

The Petitioners contend that the Balm Post Office has been the landmark in the community for over a century and therefore should remain open for business. The Postal Service appreciates the Petitioners' interest in the historical significance of the Post Office; however, the Postal Service researched this issue and found that it is not classified as a Florida historical landmark. FD at 5. The Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name. The Postal Service is further helping to preserve community name by continuing the use of the community name and ZIP Code in addresses. FD at 5.

The Petitioners also contend that the Balm community continues to expand and will more than likely experience a greater demand for postal services in the future. The Postal Service is required to provide each community with regular and effective service, using the most cost efficient means possible. FD at 5. If upon discontinuance all Balm customers elect to continue Post Office box service, there will be 368 Post Office boxes available at the Wimauma Post Office for future Balm residents. Future customers will also have the option of receiving carrier service to roadside mailboxes. Thus, the proposed alternative delivery service will meet the mailing and service needs of the Balm community in a more cost effective manner and accommodate any future growth. FD at 5.

In addition, the Postal Service has concluded that nonpostal services provided by the Balm Post Office can be provided by the Wimauma Post Office. Government forms usually provided by the Post Office are also available by contacting local government agencies. FD at 9.

In this case, the Postal Service took account of the postal and nonpostal needs of the community and determined that the proposed alternative will ensure the provision of effective and regular service. Residents may continue to meet informally, socialize, and share information at the other businesses, churches and residences in town. FD at 10. Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Balm Post Office on the community served by the Balm Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that rural route carrier service would cost the Postal Service substantially less than maintaining the Balm Post Office and would still provide regular and effective service. Item No. 21, Letter to Customer, at 1. The estimated annual savings associated with discontinuing the Balm Post Office are \$84,241.00.¹⁸ FD at 10.

The Petitioners contend that if the objective is to save money, the Postal Service should not use the salary of a career employee if the plan is to move the employee to another location. However, the economic savings calculation conducted as a part of a

¹⁸ Incorporation of the information from the supplemental filing submitted today results in an estimated annual savings of \$78,841.00.

discontinuance study is forward-looking; the fact that the Postal Service may have paid less in salary and benefits over the past years does not mean that it could not count on these savings annually in the future. If the Balm Post Office closes, one career slot will be eliminated.

The Petitioners also imply that the noncareer employee's salary will necessarily be saved if the employee is reassigned. The final determination indicates that the noncareer postmaster relief (PMR) may be separated from the Postal Service; however "attempts" will be made to reassign the employee to another facility. FD at 11. Thus, there is a possibility that the employee may not be reassigned to another facility if there are no vacant positions. Moreover, whether the noncareer PMR is separated or reassigned to another facility upon discontinuance does not change the fact that a career postmaster position will be eliminated and result in the annual savings as shown in the economic savings calculation.

The Petitioners also contend that the cost savings from closing a Post Office such as Balm will only result in a small amount of savings for the Postal Service. While the savings may seem insignificant to the Petitioners, it is significant to the overall cost reduction focus of the Postal Service. The Postal Service is looking at all opportunities to operate more efficiently and provide effective and regular service. While the savings for any given initiative may seem small, these savings can make a difference when added together.

The Petitioners also criticize the Postal Service for failing to account for additional costs for fuel and not including revenue into the economic savings calculation. Notwithstanding Petitioners' complaint, the financial analysis takes into

account the following drivers: the number of additional boxes to be added to the rural route; the additional volume that may be expected per additional box; the number of additional miles to be added to the route; and the total additional annual hours that will be required to service the route. Item No. 17, at 2. See Supplemental Filing, Item No. 52, Memo to the Record. Thus, the Postal Service's approach is both defensible and reasonable; moreover it is efficient while adding comparability across discontinuance studies.

The Petitioners, in their Participant Statement, suggest that the Postal Service hire a postal clerk rather than a postmaster to mitigate any current losses. The Postal Service has broad experience with similar options. However, in this case, it has been determined that delivery and retail services administered by the nearby Wimauma Post Office is a more cost-effective solution than maintaining the Balm postal facility and career position. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations.

Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD at 10; Item No. 41, Revised Proposal, at 12.

The Postal Service determined that delivery and retail service through the Wimauma Post Office is more cost-effective than maintaining the Balm postal facility and postmaster position. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting

from such a closing, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster was promoted on June 5, 2010. FD at 10. Although the noncareer PMR may be separated from the Postal Service, attempts will be made to reassign the employee to a nearby facility. The record shows that no other employee would be affected by this closing. FD at 10; Item No. 15, Post Office Survey Sheet, at 1; Item No. 41, Revised Proposal, at 12. Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Balm Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Balm Post Office on the provision of postal services and on the Balm community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Balm customers. FD at 9. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. §

404(d)(2)(A). The Postal Service's decision to close the Balm Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Balm Post Office be affirmed.

Respectfully submitted,

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